THE NEW BRITISH LAW ON RAILROAD REPORTS

In the article on Control of Railroad Accounts in Leading European Countries published in this Journal, May, 1910, reference was made to the appointment, in 1906, of a Special Commission of the British Board of Trade to consider changes in the required forms of accounts and statistical returns of railroads. This commission reported in May, 1909.[1] As a result of its findings, a law was enacted by Parliament in December, 1911 (to go into effect January 1, 1913), prescribing a number of changes and additions in the official returns filed by the railroads with the Board of Trade.

The law is a distinct advance toward publicity of railroad accounts in Great Britain. In addition to requiring the filing of a copy of the accounts with the Board of Trade, it provides that copies should be sent on request to every share- and debenture-holder of the company. Persons who are not share-holders may have the privilege of inspecting the accounts of any railroad on the payment of a fee of one shilling for each inspection of each railroad account. The provisions of the law may be altered by the Board of Trade after due notification and hearings; but Parliamentary confirmation is required when the proposed changes are protested by railroads representing in the aggregate one-third of the total railroad capitalization.

In accordance with the recommendation of the Special Commission, annual reports are to be substituted for the prevailing semi-annual returns. These annual reports are to be divided into two parts, one containing the financial schedules and accounts, the other containing the statistical returns. This separation is in accord with the Commission's recommendation. Because of the disagreement among

[1] "Accounts and Statistical Returns Rendered by Railway Companies". Report of the Committee appointed by the Board of Trade (1909), cd. 4697.

English railroad officials concerning the utility of " mileage " and " tonnage " costs and the like, the schedules of statistical returns are much less complete than those published by the American railroads.

From the standpoint of publicity, the most important provision of the new law is the requirement of more elaborate statements of revenue receipts and expenditures. There are ten schedules dealing with revenues and expenses; whereas under the old law there were but three. The form of these accounts plainly shows the influence of the system devised by the Interstate Commerce Commission. Maintenance expenses are separated and subdivided. Moreover, in each account, wages are shown separately from material costs.

The accounts relating to capitalization and capital expenditures are likewise stated in greater detail. A somewhat novel feature is a schedule calling for an estimate of proposed expenditures on capital account; another, also new, calls for details on proposed methods of obtaining the required funds. In view of the controversies between the American railroads and the Interstate Commerce Commission, arising from the latter's accounting rulings, the operation of the English law should be followed with interest.

A. M. SAKOLZKI.

NEW YORK UNIVERSITY.